Plumbing Fixtures & Fittings

US Industry Study with Forecasts for 2017 & 2022

Study #3121 | February 2014 | $5300 | 396 pages
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Growth in plumbing fixture and fitting demand will be boosted by a rebound in construction as residential markets — especially new housing completions — advance at an improved rate.

US demand to rise 6.3% annually through 2017

US demand for plumbing fixtures and fittings is projected to advance 6.3 percent per year through 2017 to $12 billion, boosted by a rebound in building construction. New housing construction declined precipitously from 2006 through 2009 and nonresidential building activity fell at double-digit rates for three years beginning in 2009, severely constraining demand for plumbing products. After adjusting for price increases, expected gains through 2017 will still leave demand below the 2007 level.

Residential market to lead gains, remain dominant

The residential market is the most important for plumbing fixtures and fittings; it will account for over three-fifths of plumbing product demand in 2017 and will see the most rapid annual gains. Most demand in the residential market is derived from improvement and repair applications, as opposed to new buildings. Nevertheless, the rebound in new housing completions from a low 2012 base will be a primary driver of growth.

Growth for fixtures to outpace fittings

Demand for plumbing fixtures is forecast to advance at a rapid annual pace through 2017. Gains in fixture demand will be driven by increased construction and improvement expenditures as well as increasing consumer interest in design trends. Design trends in plumbing fixtures and fittings can be boiled down to one mantra: “More, not less.” In the residential market, current trends cast the kitchen and bathrooms as the most important rooms of the house. The kitchen is the “hub” of activity; the bathroom a “sanctuary.” As these rooms grow in size and importance, these trends will propel architects, builders, and homeowners to add value to their homes by installing higher-end, and simply more, fixtures to these spaces, including spa-like showers, large-capacity baths, multiple sinks with specific end uses and aesthetically appealing finishes, and luxurious toilets.

Demand for plumbing fittings will grow less rapidly than that for plumbing fixtures through 2017. Growth will be driven largely by a combination of economics -- as consumers trade out older fittings for ones that conserve water and reduce energy costs -- and aesthetics, a result of changing tastes and increased consumer confidence. Certain categories of fittings, such as single-level faucets, will display above average growth as demographic shifts promote demand for universal design and ADA-compliant products, which are easier for older Americans or those with mobility issues to use. Overall price growth for fittings will be slower than for fixtures, as fittings face more competition from low-cost imports.
Whirlpool Bathtubs

Demand for whirlpool bathtubs is projected to increase at an annual rate of 9.6 percent to $800 million in 2017, a turnaround from the declines of the 2007-2012 period. Unit demand will reach 825,000 units, just barely surpassing 2007 unit demand. During the 2007-2009 recession, many consumers opted to economize and selected less costly bathtubs instead of whirlpool bathtubs. Through 2017, the renewed growth in building construction expenditures and a growing consumer interest in whirlpool bathing will drive gains. Homeowners desiring an affordable luxury that recreates a spa-like atmosphere in the home will often invest in these fixtures. Similarly, builders will follow trends and install whirlpool bathtubs in new construction to make the house more appealing to potential buyers.

Many residential trends begin in the nonresidential markets, and whirlpool bathing is no exception. Many high-end commercial buildings -- such as hotels, gyms, and spa resorts -- select these fixtures as a way to promote their status and improve customer satisfaction with their establishment. Homeowners take note and want to bring that luxurious experience into their own bathroom. Growth in construction expenditures in the nonresidential markets, including health care rehabilitation centers where whirlpool baths serve a more therapeutic purpose, will continue to support demand for these fixtures through 2017.

Whirlpool bathtubs include both true whirlpool baths and air spas. In the former, water is suctioned out of the tub and redirected with jets. In the latter, streams of air are injected into the water. Manufacturers of bathtubs using the air spa system claim that they are easier to clean and avoid bacterial growth in the jets. In both cases, the object is to move water, providing hydromassage and keeping warm water next to the body.
Sample Profile, Table & Forecast

COMPANY PROFILES

MAAX Spas Industries Corporation
25605 South Arizona Avenue
Chandler, AZ  85248
480-895-0598
http://www.hdspas.com

Annual Sales:  $50 million (estimated)
Employment:  260 (estimated)
Key Products:  hot tubs and swim spas

MAAX Spas Industries produces and sells spas through a network of specialty dealers. The Company is owned by Tricap Partners Limited (Canada), a private equity fund managed by Brookfield Asset Management Incorporated (Canada). Tricap also owns MAAX Bath Incorporated (Canada), a separate sister company that produces various bathroom fixtures. (See MAAX Bath Incorporated.)

The Company is active in the US plumbing products industry through the production of hot tubs that are primarily marketed under the MAAX COLLECTION, CALIFORNIA COOPERAGE, ELITE SPAS, and POWERPOOL brand names. These hot tubs, many of which are constructed with lightweight steel substructures designed to offer greater dimensional stability than traditional wood frames, feature bases that have been sealed with acrylonitrile butadiene styrene for improved heat retention properties.

MAAX COLLECTION hot tubs are produced with the Company’s THERMO-LOCK technology, which utilizes a lining of reflective material in all four sides and the base to reflect and recycle radiant heat. This technology features BLUEMAAX insulation, which is made from recycled natural fiber and treated with a borate-based solution to protect

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TABLE VI-1
PLUMBING FITTINGS DEMAND BY TYPE
(million dollars)

<table>
<thead>
<tr>
<th>Item</th>
<th>2002</th>
<th>2007</th>
<th>2012</th>
<th>2017</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Construction Expend (bil 2005$)</td>
<td>848</td>
<td>850</td>
<td>537</td>
<td>841</td>
<td>1006</td>
</tr>
<tr>
<td>$ fittings/000$ construction</td>
<td>5.1</td>
<td>5.0</td>
<td>6.7</td>
<td>5.0</td>
<td>4.5</td>
</tr>
<tr>
<td>Fittings Demand (mil 2005$)</td>
<td>4335</td>
<td>4255</td>
<td>3590</td>
<td>4195</td>
<td>4530</td>
</tr>
<tr>
<td>plumbing fittings deflator (2005=100)</td>
<td>93.4</td>
<td>112.9</td>
<td>125.2</td>
<td>134.7</td>
<td>145.7</td>
</tr>
<tr>
<td>Plumbing Fittings Demand</td>
<td>4050</td>
<td>4805</td>
<td>4495</td>
<td>5650</td>
<td>6600</td>
</tr>
<tr>
<td>Lavatory Fittings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bathtub &amp; Shower Fittings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kitchen &amp; Other Sink Fittings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Plumbing Fittings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

This Freedonia study, Plumbing Fixtures & Fittings, presents historical demand data for 2002, 2007 and 2012, with forecasts for 2017 and 2022 by material, product, market and US region. The study also considers market environment factors, details industry structure, evaluates company market share and profiles 31 industry players, including Kohler, Masco and Moen.
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Other Studies

World Plumbing

Through 2018, global demand for plumbing fixtures and fittings will advance 5.3 percent annually to over $70 billion. The Asia/Pacific region will post the fastest growth, with North America also expected to post significant gains. Growth in the residential construction market will outpace the nonresidential sector. This study analyzes the $54.4 billion world plumbing product industry, with forecasts for 2018 and 2023 by type, material, market, world region, and for 23 countries. The study also evaluates company market share, and profiles industry participants.

#3253 .......... February 2015 ............ $6400

World Countertops

Global demand for countertops is forecast to rise 4.2 percent per year to 503 million square meters in 2018. The Asia/Pacific region will remain the largest and fastest growing market. While the nonresidential market will post faster gains, the much larger residential segment will provide the most growth in demand. This study analyzes the 409 million square meter world countertop industry, with forecasts for 2018 and 2023 by material, market, application, product, world region, and for 18 countries. The study also evaluates company market share and profiles industry participants.

#3250 .......... February 2015 ............ $6300

Construction Outlook in China

Construction expenditures in China are expected to increase 8.9 percent per annum in real terms through 2018. Nonresidential building construction will remain the largest sector and will grow the fastest, followed in pace by nonbuilding construction and residential building construction, respectively. This study analyzes the 15.9 trillion yuan construction industry in China, with forecasts for 2018 and 2023 by market, structure type, and geographic region. The study evaluates company market share and profiles industry participants.

#3221 .......... January 2015 ............ $5300

World Housing

World construction of new housing will reach 61.3 million units in 2018 on 2.9 percent yearly advances. The Asia/Pacific region will own the most new housing units, while the Africa/Mideast housing stock region will grow the fastest. Multifamily housing construction will continue to outpace that of single-family types. This study analyzes the two billion unit world housing industry, with forecasts for 2018 and 2023 for housing stock and new housing units by type, world region, and for 22 countries. The study also considers economic trends, demographics and other market factors.

#3184 .......... July 2014 ............ $5800

World Drywall & Building Plaster

Global demand for drywall is forecast to rise 5.8 percent per year through 2018 to 10.4 billion square meters. Nearly three-fourths of new demand will be generated in China and the US. The nonresidential building market for drywall will outpace the housing segment. Building plaster will grow 4.5 percent annually to 35.4 million metric tons. This study analyzes the world drywall and building plaster industry, with forecasts for 2018 and 2023 by product, market, world region and for 20 countries. The study also evaluates company market share and profiles industry participants.

#3186 .......... July 2014 ............ $6300